

ORIGINAL

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Arizona Corporation Commission

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July 6, 2006

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BY HAND DELIVERY

Blessing Chuckwu, Executive Consultant III
Utilities Division
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

AZ CORP COMMISSION
DOCUMENT CONTROL

2006 JUL -6 P 2:39

RECEIVED

Re: New River Utility Company - Application for Extension of its Certificate of Convenience and Necessity (CC&N) Docket No. W-01737A-06-0171

Dear Ms. Chuckwu:

I am in receipt of your second Letter of Insufficiency dated June 20, 2006, in the above-captioned matter. Please accept this correspondence and the enclosed documents as New River Utility Company's ("New River") response to the specific issues raised in your letter. With this response, New River believes it has met the Commission's sufficiency requirements, and respectfully requests that Staff begin processing New River's application for an extension of its CC&N.

1. Please inform Staff when the Company will know the response from the City of Peoria regarding the fire pump issue.

RESPONSE: The developer anticipates a response from the City of Peoria concerning the fire pump issue within thirty (30) days.

2. Please provide test results for arsenic from all the Points of Entry ("POE").

RESPONSE: There are only two Points of Entry, POE #2 and POE #3, used by the Maricopa County Environmental Services Division for testing arsenic levels in New River's water supply. Laboratory results for POE #2 and POE #3 were provided as Attachment 3 in response to Question No. 11 (First Letter of Insufficiency).

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3. The results of the laboratory analysis from POE #2 and POE #3 indicate one sample below 10 ppb and one exceeding 10 ppb. Please provide a detailed explanation of the Company's Arsenic Remediation Plan.

RESPONSE: Please see response to Question No. 4 below for details about New River's Arsenic Remediation Plan.

4. The Company stated in its May 26, 2006 Response to Staff's Insufficiency Letter that it continues to negotiate with "the City of Glendale" for purchase of 300 acre-feet per year treated Central Arizona Project water to blend with its well water as a solution of arsenic removal method. However, in reviewing this service map, Staff notes that the City of Peoria is located close to the Company's service area. Could "Glendale" be a typo? If not, please explain.

RESPONSE: New River continues to negotiate with the City of Glendale for the purchase of treated Central Arizona Project ("CAP") water for blending in the event arsenic remediation is required. New River would be able to access this treated CAP water at the City of Glendale's water facilities located near the northeast corner of 75th Avenue and Deer Valley Road, which are within several hundred feet of New River's water distribution facilities.

On March 13, 1990, New River entered into an agreement with the City of Glendale which, among other things, provides for an interconnection near 75th Avenue and Deer Valley Road to deliver treated CAP water to New River ("1990 Agreement"), which is attached hereto as **Attachment 1**. Currently, New River has access to an available source of treated water for blending purposes provided that it executes such option under the 1990 Agreement. However, because the estimated amount of treated water needed for blending purposes (if applicable) is minimal, New River has previously approached the City of Glendale about entering into a separate agreement for the purchase of treated CAP water. In the event New River is required to obtain treated water under the 1990 Agreement, it is prepared to move forward.

5. If the Company purchases 300 acre-ft/yr water from either the City of Glendale or the City of Peoria, it is Staff's understanding that the Arizona Department of Water Resources ("ADWR") has to review and approve the Agreement. Has ADWR been contacted yet? Please explain.

RESPONSE: New River is unaware that purchasing 300 acre-ft/yr of treated CAP water from the City of Glendale requires ADWR approval. Nevertheless, New River has a pre-existing right to secure treated CAP water under the 1990 Agreement. To the extent that a separate agreement or amendment to the 1990 Agreement is required, New River is unaware that such agreement or amendment requires ADWR approval.

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Should you have any further questions, please do not hesitate to call. Thank you for your time and assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to be 'P. Black', with a long horizontal line extending to the right.

Patrick J. Black

Enclosure

cc: Docket Control (w/o encl.)
Robert Fletcher, New River Utility Company

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